Choices Today for a Brighter Tomorrow
A Lifetime of Learning Starts Now.

The Bright Directions College Savings Program is a tax-advantaged 529 college savings plan that offers a number of quality fund families and investment options. You can help reduce your child or grandchild’s future student loan debt, and when the time comes, funds can be used at schools nationwide and select schools abroad.

You’re taking an important first step by getting started today with Bright Directions. Together with your financial advisor, you can design a 529 plan catered to your goals and budget.

Bright Directions earns the highest rating given to advisor-sold plans once again.¹

“Illinois’ Bright Directions College Savings Program hits the mark for residents and nonresident do-it-yourselfers, and following prudent changes in October 2016, investors in this advisor-sold plan’s three age-based tracks travel smoother paths.”
—Morningstar, October 2016
Now Is the Time. Begin Saving Today.

Anyone can enroll—parents, grandparents, relatives, or friends—and contribute to an account. Starting a 529 account can help your loved one focus on the task at hand, defining their dreams and going after them. But that’s not the only benefit saving with Bright Directions offers college-seekers and their families.

Tax Advantages

Tax-Deferred Growth
Any dividends, interest, or capital gains that are received in your account are not taxed while in the plan.

Tax-Free Withdrawals
Qualified withdrawals are exempt from federal income tax when used for qualified higher education expenses.\(^2\) If you withdraw money for reasons other than qualified higher education expenses, the earnings portion may be subject to federal income tax and a 10% federal penalty tax as well as state and local income taxes.

Tax Deduction
An Illinois taxpayer can deduct Bright Directions contributions from their Illinois taxable income up to:\(^3\)
- $10,000 for individuals
- $20,000 for married taxpayers filing jointly

Broad Choice of Colleges and Spending Options
Bright Directions savings can be used nationwide and at select schools abroad. All public and private postsecondary educational institutions that participate in the U.S. Department of Education’s Federal Student Aid programs are eligible, including colleges, universities, trade schools, and graduate programs. Withdrawals can be used for the beneficiary’s qualified higher education expenses, including:
- Tuition and fees
- Books, supplies, and equipment required for enrollment
- Room and board, if enrolled at least half-time
- A computer and certain equipment and software

Plan Fees and Expenses
Bright Directions has no set-up or annual account maintenance fees. The plan has four fee structures available that you will review with your financial advisor. Each has different sales charges, program and servicing fees, and underlying mutual fund expenses. Carefully read this booklet as well as the accompanying Program Disclosure Statement, which includes details on the fees and other important plan information.

MEDIAN WEEKLY EARNINGS OF FULL-TIME WORKERS
(Aged 25 and Older)

- Less Than a High School Diploma: $504
- High School Graduate: $700
- Some College or Associate’s Degree: $779
- Bachelor’s Degree: $1,152
- Advanced Degree: $1,447

You’ll Be There Before You Know It.

As your loved ones grow, the amount you contribute each year can also grow. Making ongoing contributions offers consistent yet flexible savings opportunities based on your schedule and budget. Signing up for automatic monthly investments is a simple way to set dollars aside for college.* And once you do, remember to consider increasing your monthly contributions each year.

### ASSUMED ANNUAL RETURN AT 5%

<table>
<thead>
<tr>
<th>Monthly Contribution</th>
<th>5 Years Invested</th>
<th>10 Years Invested</th>
<th>15 Years Invested</th>
<th>18 Years Invested</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50</td>
<td>$6,623</td>
<td>$11,914</td>
<td>$18,704</td>
<td>$23,670</td>
</tr>
<tr>
<td>$100</td>
<td>$10,037</td>
<td>$19,710</td>
<td>$32,125</td>
<td>$41,203</td>
</tr>
<tr>
<td>$250</td>
<td>$20,281</td>
<td>$43,100</td>
<td>$72,385</td>
<td>$93,802</td>
</tr>
<tr>
<td>$500</td>
<td>$37,353</td>
<td>$82,082</td>
<td>$139,486</td>
<td>$181,466</td>
</tr>
</tbody>
</table>

Illustration assumes an initial lump sum investment of $2,500 and subsequent monthly contributions of $50, $100, $250, and $500 for 5, 10, 15, and 18 years at a hypothetical 5% rate of return compounded monthly. This chart is for illustrative purposes and does not represent the return of any specific investment option and does not reflect the impact of fees or expenses. Investment returns in a college savings plan will vary and may be higher or lower than in this example.

*Making automatic monthly contributions does not ensure a profit or protect against loss during varying market conditions.

### Professional Investment Management

All portfolios benefit from the investment oversight of Wilshire Associates, a leading global investment consulting firm that provides Bright Directions with portfolio design, asset allocation, manager due diligence, and ongoing monitoring services. Wilshire was among the first to introduce a comprehensive stock index (the Wilshire 5000 Total Market IndexSM) to the marketplace. Wilshire has helped institutions and people achieve their goals for more than 30 years.
There Are Lots of Options,
but the Choice Is Easy.

With more than 40 portfolios to choose from, Bright Directions offers many ways to plan and save for your child or grandchild’s college education. Your financial advisor can help you customize a plan that suits your investment comfort level and savings needs.

Bright Directions offers:

- Age-based portfolios that automatically adjust investments as your loved one grows older.
- Target portfolios with a set percentage of equity and fixed income investments.
- Individual fund portfolios that allow you to customize your strategy.

Meet the Diverse Bright Directions Fund Family.
Three Age-Based Options: Looking Toward the Future.

Bright Directions offers three age-based tracks:

- Aggressive
- Moderate
- Conservative

AGGRESSIVE, MODERATE, & CONSERVATIVE AGE-BASED TRACK GLIDE PATHS & ASSET ALLOCATIONS
Each of these age-based tracks consist of nine investment portfolios that automatically shift from more aggressive to more conservative portfolios as the account beneficiary moves closer to college age. Portfolios start out more aggressive when the beneficiary is younger—investing heavier in stock mutual funds. As the beneficiary nears college age, the portfolios are invested more in bond and money market mutual funds, with the goal of decreasing volatility.

The following chart illustrates how each of the three tracks adjusts over time and how the asset allocations shift as the child nears college age.
Seven Target Portfolios: Invest at Your Comfort Level.

These diversified portfolios provide a targeted or set asset allocation of equity (stock), fixed income (bond), and money market investments. Depending on your risk tolerance and time horizon, you can select from seven portfolios ranging from conservative to aggressive.

A Word About Risk: Keep in mind you can lose money by investing in a portfolio. Each of the age-based, target, and individual fund portfolios involves investment risks, which are described in the Program Disclosure Statement and which should be considered before investing. For example, international investing, especially in emerging markets, has additional risks such as currency fluctuation, economic and political risks, and market volatility. Investing in small, medium, and international companies may increase the risk of fluctuations in the value of your investment and involves greater risk than investing in more established companies. Portfolios that invest in specific industries or sectors, such as real estate, have industry concentration risk. As an example, the portfolios that invest in real estate may perform poorly during a downturn in the real estate industry.

Portfolios that invest in bonds are subject to risks such as interest rate risk, credit risk, and inflation risk. In particular, as interest rates rise, the prices of bonds generally will fall which can impact performance. It is important to note that the value of your account will fluctuate with market conditions. When you withdraw funds, you may have more or less than your actual investment. For more information on the portfolios and the underlying funds in which they invest, see the Program Disclosure Statement.
Individual Fund Portfolios:
Customize Your Plan.

Along with age-based and target portfolios, Bright Directions offers a number of individual fund portfolios representing multiple asset classes.

These portfolios allow you to customize your investments to help meet your unique educational goals. The portfolios range from lower risk/lower return to higher risk/higher return.

Work with your financial advisor to design an investment strategy that incorporates and respects your risk tolerance and time horizon.

Money Market
- Invesco Government & Agency 529 Portfolio*

Fixed Income
- PIMCO Short-Term 529 Portfolio
- Baird Short-Term Bond 529 Portfolio
- Northern Funds Bond Index 529 Portfolio
- MainStay Total Return Bond 529 Portfolio
- American Century Short Duration Inflation Protection Bond 529 Portfolio
- BlackRock Inflation Protected Bond 529 Portfolio
- Templeton International Bond 529 Portfolio

Balanced
- T. Rowe Price Balanced 529 Portfolio

Socially Responsible
- Calvert Equity 529 Portfolio

International Equity
- Dodge & Cox International Stock 529 Portfolio
- Northern Funds International Equity Index 529 Portfolio
- Oppenheimer International Growth 529 Portfolio
- DFA International Small Company 529 Portfolio
- Causeway Emerging Markets 529 Portfolio

U.S. Equity

Large-Cap
- MFS Value 529 Portfolio
- T. Rowe Price Equity Income 529 Portfolio
- American Century Value 529 Portfolio
- American Century Equity Growth 529 Portfolio
- Northern Funds Stock Index 529 Portfolio
- Sit Dividend Growth 529 Portfolio
- American Century Growth 529 Portfolio
- T. Rowe Price Instl. Large-Cap Growth 529 Portfolio

Mid-Cap
- T. Rowe Price Extended Equity Market Index 529 Portfolio
- William Blair Mid Cap Growth 529 Portfolio
- Ariel Fund 529 Portfolio

Small-Cap
- Northern Funds Small Cap Value 529 Portfolio
- Northern Funds Small Cap Index 529 Portfolio
- Delaware Small Cap Core 529 Portfolio
- Harbor Small Cap Growth Opportunities 529 Portfolio

Real Estate
- T. Rowe Price Real Estate 529 Portfolio
- Voya Global Real Estate 529 Portfolio

*An investment in the security is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the security seeks to preserve the value of your investment at $1 per share, it is possible to lose money by investing in the security.
Choose From 15 Exchange-Traded Fund (ETF) Options Under Fee Structure F.

An Option Made Available Exclusively Through Your Registered Investment Advisor.

Bright Directions offers 15 additional portfolios exclusively through registered investment advisors and fee-only planners. These new options, which utilize Vanguard ETFs, are only available through Fee Structure F. Options include Fixed Income, U.S. Equity, International Equity, and Real Estate portfolios.

**Fixed Income**
- Vanguard Short-Term Bond ETF 529 Portfolio
- Vanguard Total Bond Market ETF 529 Portfolio

**Real Estate**
- Vanguard REIT ETF 529 Portfolio
- Vanguard Global ex-U.S. Real Estate ETF 529 Portfolio

**International Equity**
- Vanguard FTSE Developed Markets ETF 529 Portfolio
- Vanguard FTSE Emerging Markets ETF 529 Portfolio

**U.S. Equity**

- **Large-Cap**
  - Vanguard Mega-Cap Value ETF 529 Portfolio
  - Vanguard Mega-Cap ETF 529 Portfolio
  - Vanguard Mega-Cap Growth ETF 529 Portfolio

- **Mid-Cap**
  - Vanguard Mid-Cap Value ETF 529 Portfolio
  - Vanguard Mid-Cap ETF 529 Portfolio
  - Vanguard Mid-Cap Growth ETF 529 Portfolio

- **Small-Cap**
  - Vanguard Small-Cap Value ETF 529 Portfolio
  - Vanguard Small-Cap ETF 529 Portfolio
  - Vanguard Small-Cap Growth ETF 529 Portfolio
Innovative Ways to Contribute More.

Three Additional Contribution Features from Bright Directions.

Investing early and often can make a difference in the amount you have for your loved ones’ future college expenses. Bright Directions offers multiple ways to set dollars aside for college, including:

- **Automatic Account Builder.** With Bright Directions, you can set up an automatic and consistent contribution plan from your bank account. Doing so can help build the amount you have contributed for college. And, grandma and grandpa can set up an automatic investment as well.*

- **The Bright Directions 529 Rewards Visa® Card.** Earn 1.529% rewards on everyday purchases and have those rewards automatically deposited into your Bright Directions account.4

- **Bright Directions GiftED.** Use GiftED for birthdays, school graduations, holidays, religious celebrations, and other special occasions.

Flexible savings options such as these help you save for your loved ones’ college the smart way. Don’t forget to encourage family and friends to contribute on special occasions. They can also apply for their own Bright Directions Rewards Visa® and direct earnings to your child or grandchild’s 529 account.

College costs are on the rise. Make sure you’re educated on all possible funding options so your Bright Directions account lives up to its full potential. Talk to your financial advisor to get started today!

*Regular investing does not ensure a profit and does not protect against loss in declining markets.
FAQs

Get answers to some of the most frequently-asked questions. If you still have questions or would like to learn more about Bright Directions, please speak with your financial advisor.

Who can open an account?
An account can be established by a parent, grandparent, aunt, uncle, or friend. In addition, an UGMA/UTMA custodian, certain legal entities, or the trustee of a trust can establish a Bright Directions account. There are no income limitations, and you do not have to be a resident of Illinois to open an account.

How do I open an account?
Your financial advisor will guide you through the enrollment process.

Who can be a beneficiary?
Anyone, including the person opening the account, can be named as a beneficiary. There are no age or income limitations or residency requirements. Each account has one designated beneficiary.

How can I contribute?
Bright Directions makes it easy. You can contribute multiple ways:
- Send a check
- Establish an automatic investment plan
- Roll over funds from an out-of-state 529 plan
- Establish a payroll deduction at work
- Transfer reward dollars earned with a Bright Directions 529 Rewards Visa® Card
- Send online invitations for family and friends to contribute through Bright Directions GiftED

Who can contribute?
- Parents
- Grandparents
- Relatives and friends
- Anyone can contribute on behalf of the beneficiary

Can you roll over assets from an out-of-state 529 plan?
Yes. Investors can roll over assets from an out-of-state plan into Bright Directions. A same-beneficiary rollover/transfer is allowed once in a 12-month period. Additional transfers are allowed but require a change of beneficiary.

Illinois Taxpayers: The Illinois Administrative Code provides that in the case of a rollover from a non-Illinois qualified tuition program, the amount of the rollover that is treated as a return of the original contribution to the prior qualified tuition program (but not the earnings portion of the rollover) is eligible for the deduction for Illinois individual income tax purposes.

There may be potential adverse tax consequences if the rollover/transfer is not a qualified rollover. Please review all factors with your tax and financial advisor. Check with your financial advisor for assistance and the steps needed to complete this process.

Which schools are eligible?
Any school that meets accreditation criteria and can participate in Federal Financial Aid Programs is eligible. This includes public and private colleges and universities as well as vocational, trade, technical, and professional institutions.

Visit BrightDirections.com for a list of eligible schools.

What are qualified higher education expenses?
- Tuition and fees
- Certain room and board (if the student is enrolled at least half-time)
- Books, supplies, and equipment required for enrollment
- Computer, certain software, and internet access
- Special needs services needed by a special needs beneficiary

Help Them Achieve Their Dreams: Take the First Step Today!
Morningstar Analyst Rating Inputs

Bright Directions earns Silver rating once again—the highest rating given to advisor-sold plans.

1October 25, 2016 – Morningstar, a leading provider of independent investment research, announced new Analyst Ratings and reports for 63 of the nation’s largest 529 college savings plans. In 2016, Morningstar identified 33 plans that it believes to be best-in-class options, assigning these programs Analyst Ratings of Gold, Silver, and Bronze. These plans, for the most part, follow industry best practices, offering some combination of the following attractive features: a strong set of underlying investments; a solid manager selection process; a well-researched, asset-allocation approach; an appropriate set of investment options to meet investor needs; low fees; and strong oversight from the state and program manager. These features improve the odds that the plan will continue to represent a strong option for investors. Gold-rated plans have all or a vast majority of these attributes. Silver- and Bronze-rated plans embody most of these qualities but often have some room for improvement.

Since 2012, ratings for 529 plans use the same scale as the Morningstar Analyst Rating for mutual funds. Both Analyst Rating methodologies consider the same five factors to arrive at the final rating, though the 529 ratings reflect the quality of the entire plan—not a single investment, as is the case for the fund rating. To arrive at an Analyst Rating for 529 plans, analysts consider:

- People: What is Morningstar’s assessment of the underlying money managers’ talent, tenure, and resources?
- Performance: Have the plan’s options earned their keep with solid, risk-adjusted returns over relevant time periods? How is the plan expected to perform going forward?
- Price: Are the investment options a good value?
- Process: Did the plan hire an experienced asset allocator to design a thoughtful, well-diversified glide path for the age-based portfolios? What suite of investment options is offered?

Since 2012, ratings for 529 plans use the same scale as the Morningstar Analyst Rating for mutual funds. Both Analyst Rating methodologies consider the same five factors to arrive at the final rating, though the 529 ratings reflect the quality of the entire plan—not a single investment, as is the case for the fund rating. To arrive at an Analyst Rating for 529 plans, analysts consider:

- People: What is Morningstar’s assessment of the underlying money managers’ talent, tenure, and resources?
- Performance: Have the plan’s options earned their keep with solid, risk-adjusted returns over relevant time periods? How is the plan expected to perform going forward?
- Price: Are the investment options a good value?
- Process: Did the plan hire an experienced asset allocator to design a thoughtful, well-diversified glide path for the age-based portfolios? What suite of investment options is offered?

Bright Directions Morningstar Pillar Ratings

<table>
<thead>
<tr>
<th>Process</th>
<th>Positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>Positive</td>
</tr>
<tr>
<td>Parent</td>
<td>Neutral</td>
</tr>
<tr>
<td>Performance</td>
<td>Neutral</td>
</tr>
<tr>
<td>Price</td>
<td>Positive</td>
</tr>
</tbody>
</table>

Morningstar rates the five Pillars: Positive, Neutral, or Negative. While these ratings can help with the selection process, they should not be the only factor considered. For more information about the Analyst Ratings, Morningstar ratings, and fund rankings, please visit Morningstar.com.

An investor should consider the investment objectives, risks, and charges and expenses before investing. This and other important information is contained in the Bright Directions Program Disclosure Statement, which can be obtained from your financial professional and at BrightDirections.com and should be read carefully before investing. You can lose money by investing in a portfolio. Each of the portfolios involves investment risks, which are described in the Program Disclosure Statement. Before you invest, consider whether your or the beneficiary’s home state offers any state tax or other benefits that are only available for investments in that state’s 529 plan.

The Bright Directions College Savings Program is sponsored by the State of Illinois and administered by the Illinois State Treasurer, as Trustee. Union Bank & Trust Company serves as Program Manager and Northern Trust Securities, Inc., acts as Distributor. Investments in the Bright Directions College Savings Program are not guaranteed or insured by the State of Illinois, the Illinois State Treasurer, Union Bank & Trust Company, Northern Trust Securities, Inc., the Federal Deposit Insurance Corporation, or any other entity.

1Qualified higher education expenses include tuition, fees, books, supplies, and equipment required for enrollment or attendance; certain room and board expenses incurred by students who are enrolled at least half-time; the purchase of computer or peripheral equipment, computer software, or Internet access and related services, if used primarily by the beneficiary during any of the years the beneficiary is enrolled at an eligible educational institution; and certain expenses for special needs services needed by a special needs beneficiary.

2An individual who files an individual Illinois state income tax return will be able to deduct up to $10,000 per tax year (up to $20,000 for married taxpayers filing a joint Illinois state income tax return) for their total, combined contributions to the Bright Directions College Savings Program, the Bright Start College Savings Program, and Collegellinois during that tax year. The $10,000 (individual) and $20,000 (joint) limit on deductions will apply to total contributions made without regard to whether the contributions are made to a single account or more than one account. The amount of any deduction previously taken for Illinois income tax purposes is added back to Illinois taxable income in the event an Account Owner takes a Nonqualified Withdrawal from an Account or if such assets are rolled over to a non-Illinois 529 plan. If Illinois tax rates have increased since the original contribution, the additional tax liability may exceed the tax savings from the deduction.

3Subject to credit approval. Full details appear in the Rewards Program Terms and Conditions new card customers receive with their card. All terms, including reward points, fees, and APRs for new transactions, may be subject to change. The Bright Directions 529 Rewards Visa® Card is issued by Union Bank & Trust Company pursuant to a license from Visa® U.S.A.

Not FDIC Insured / No Bank Guarantee / May Lose Value
Start Saving Today

Team up with your financial advisor to map out the best Bright Directions 529 plan for your college-bound family members today!